



County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

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JACKIE CONTRERAS
Acting Director

Board of Supervisors

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June 7, 2011

The Honorable Board of Supervisors
County of Los Angeles
385 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

62-B JUNE 7, 2011

Sachi A. Hamai

SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**REQUEST THE BOARD TO AUTHORIZE THE AUDITOR-CONTROLLER TO REIMBURSE
A SHORTAGE IN THE DEPARTMENT OF CHILDREN AND FAMILY SERVICES'
(DCFS) TRANSITIONAL HOUSING PLACEMENT YOUTH TRUST FUND
(ALL SUPERVISORIAL DISTRICTS) – (4 VOTES)**

SUBJECT

This letter requests Board approval for the Auditor-Controller to reimburse a shortage in the Department of Children and Family Services' (DCFS) Transitional Housing Placement (THP) Youth Trust Fund in the amount of \$14,376.17. As discussed below, the shortage occurred because a deceased Probation employee took money that belonging to 18 THP participants. DCFS has paid the participants the money that belonged to them, resulting in the shortage in the trust account.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Auditor-Controller to reimburse a shortage in the Department of Children and Family Services' (DCFS) Transitional Housing Placement (THP) Youth Trust Fund in the amount of \$14,376.17, and charge the reimbursement to DCFS' Net County Cost.
2. Authorize and delegate authority to the Auditor-Controller to reimburse additional shortages in the Department of Children and Family Services' (DCFS) Transitional Housing Placement (THP) Youth Trust Fund identified by DCFS upon reconciliation of the accounts provided that: a) amount does not exceed \$5,000, b) prior Auditor-Controller and CEO approvals are obtained and c) the DCFS Director notifies your Board in writing prior to executing such action.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DCFS operates the Transitional Housing Placement (THP) to provide housing and supportive services to transition age foster youth from 18 to 21 years-old, who are homeless or may become homeless due to living in temporary unstable housing. As part of the Program, THP participants are required to save a portion of their earnings, and have the money deposited into an interest-bearing trust account held by DCFS. When the participants leave the Program, they receive their accumulated earnings from the trust account to help in their transition to independence.

In March 3, 2011, a Deputy Probation Officer (DPO), who was assigned to DCFS as a THP Housing Case Manager passed away unexpectedly. The DPO was assigned to DCFS' Housing Section, and had a caseload of 29 youths; 27 from DCFS and 2 from Probation,. In reviewing the DPO's work-related documents and trust account records, DCFS Housing staff determined that the DPO appeared to have used a personal receipt book, and had solicited cash from the youth for deposit into the THP trust fund. Although the THP program requires participating youth to use money orders to deposit funds into their accounts, several participants submitted affidavits indicating that the DPO instructed them to submit cash payments, instead of money orders. It appears that the deceased DPO did not deposit the cash into the youths' trust accounts, but diverted the funds possibly for his personal use. Working with the Auditor-Controller's Office of Countywide Investigations (OCI), DCFS has determined that the deceased DPO diverted \$14,376.17 funds from 18 of the 29 THP participants. DCFS has reimbursed the participants for the lost funds, and is now requesting Board approval to be reimbursed for that amount.

FISCAL IMPACT/FINANCING

The \$14,376.17 will be funded with Net County Cost (NCC).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Approval of this action will allow the Auditor-Controller to reimburse DCFS' trust fund to restore funds diverted by the deceased DPO with no loss to the participants.

In 1990, the Board delegated the authority to the Auditor-Controller to reimburse shortages under \$10,000 where there is no evidence of fraud or gross negligence. In this case, because the shortage is over \$10,000, and there is evidence of gross negligence and possibly of fraud, a Board resolution is required.

DCFS referred the shortage to the Auditor-Controller's Office of Countywide Investigations (OCI) on April 21, 2011. DCFS and OCI have continued to review the internal controls over the THP Trust Account, and to determine if any other shortages have occurred. At this time, it appears that the shortage is limited to the \$14,376.17 and the 18 participants noted earlier.

IMPACT ON CURRENT SERVICES

This will have no impact on current services to youth. The attached Corrective Action Plan will be implemented to prevent similar situations.

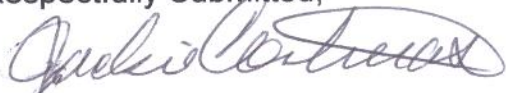
CONCLUSION

Upon approval of this request, instruct the Executive Officer/Clerk of the Board to send adopted-stamped copies of this Board letter to:

Wendy L. Watanabe
Auditor-Controller
Room 525
Kenneth Hahn Hall of Administration

Department of Children and Family Services
Service Bureau 1
4060 Watson Plaza Drive
Lakewood, CA 90712
Attention: Diane Wagner, Acting Deputy Director

Respectfully Submitted,



JACKIE CONTRERAS, Acting Director

Attachments

c: Chief Executive Officer
County Counsel
Auditor-Controller

TRANSITIONAL HOUSING PROGRAM (THP) CORRECTIVE ACTION PLAN

Past Process/Weaknesses	New Process/Strengths	Date of Implementation	Person(s) Responsible	Increased Accountability Outcomes
<p>Decentralized receipt of payments/deposits from THP participants by ten (10) Housing Case Managers</p> <ul style="list-style-type: none"> Requires issuance of 10 departmental receipt (DR) books for payment/deposit Requires payment/deposit hand off to Accounting Unit from 10 different staff DR books were only reviewed after all receipts were issued from the book. 	<p>Centralized receipt of payments/deposits from THP youths by one (1) designated THP Accounting person for walk-in deposits to Metroplex and one (1) designated THP Accounting person for mail-in payments/deposits, with the requirement of two (2) signatures on every receipt.</p> <ul style="list-style-type: none"> Requires issuance of only two (2) departmental receipt (DR) books First point of contact is the accounting unit rather than a Case Manager Accounting unit reconciles any discrepancies Ensures segregation of duties. 	6/15/11	<p>Program: Zachery Jenkins</p> <p>Accounting: Marie Quadra</p>	<ul style="list-style-type: none"> Eliminate the "middle person" in the payment/deposit process (one less step involved with the process) Youth interface directly with the accounting unit (similar to dealing with a bank, in real life) Youth have more direct control over their finances promoting increased self-sufficiency
<p>Issuance of monthly Trust Fund ledgers to THP youth after review by Housing Case Managers</p> <ul style="list-style-type: none"> Inconsistent adherence to policy by Case Managers 	<p>Issuance of Trust Fund ledgers directly to THP youth on a monthly basis with ongoing instructions to:</p> <ul style="list-style-type: none"> Review the ledger (statement) thoroughly and reconcile with copies of DR receipts in possession. Youth to sign-off on account statement and return to DCFS accounting section. Report any concerns directly to Housing Manager Otho Day (telephone and email address provided) Adhere to no cash payment/deposits Teach/encourage THP youth to be active and accountable stakeholders in managing their own resources 	6/10/11 (for April 2011 account activity)	<p>Management: Otho Day</p> <p>Admin Support: Derrick Dedmon</p>	<ul style="list-style-type: none"> Youth have more direct control over their finances promoting increased self-sufficiency Management is alerted to possible/potential situations of fraud

TRANSITIONAL HOUSING PROGRAM (THP) CORRECTIVE ACTION PLAN

Past Process/Weaknesses	New Process/Strengths	Date of Implementation	Person(s) Responsible	Increased Accountability Outcomes
No review of activity payment/deposit rates of youth exists within policy	<p>Housing CSA III and CSA II will utilize accounting reports to assess the activity rates of THP youth payments/payments into their accounts</p> <ul style="list-style-type: none"> Address activity rates (low) directly with Housing SCSW and Housing Case Manager (CSW III) 	6/15/11	<p>Management: Otho Day</p> <p>Program: Zachery Jenkins</p>	<p>Increased Accountability Outcomes</p> <ul style="list-style-type: none"> Monitoring activity rates of THP participants identifies: (1) compliance towards the HUD grant requirement of savings by youths; and (2) low activity rates of deposits can prompt management to assess for possible/potential situations of fraud
Managers are instructed to report allegations of employee misconduct to Human Resources and/or Internal Affairs, however, a written protocol including timelines does not exist.	Develop and implement a protocol identifying for managers and supervisors the types of allegations which require reporting to Human Resources and/or Internal Affairs and timelines for reporting.	6/30/11	<p>Human Resources: Wanda Hazel</p> <p>Risk Management: Norma Dreger</p>	<ul style="list-style-type: none"> Consistent and timely process for referral of cases Ability to track referrals to resolution Appropriate adherence to County protocol on investigations involving criminal activity
Managers are instructed to elevate high profile issues to executive management, however, no protocol exists to identify the types of allegations that should be elevated, the level of detail to provide, and with in what timeframes. Reports to Board occur as determined by the Department Head.	<p>Develop and implement a protocol identifying matters requiring elevation.</p> <ul style="list-style-type: none"> Delineate timeframes for notification Outline information to be included Create consistent process for Board notification 	6/30/11	<p>Board Relations: Aldo Marin</p> <p>Human Resources: Wanda Hazel</p> <p>Risk Management: Norma Dreger</p>	<ul style="list-style-type: none"> Consistent and timely reporting internally and to the Board Support in resolving issues timely